

ILLINOIS GAS COMPANY

ILL. C.C. DOCKET NO. 04-0676

**TWENTY-SEVENTH ANNUAL RECONCILIATION OF PGA
GAS REVENUE WITH RELATED COST OF GAS**

TWELVE MONTHS ENDED DECEMBER 31, 2004

RESPONDENT'S EXHIBIT 3

ILLINOIS GAS COMPANY

ILL. C.C. DOCKET NO. 04-0676

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INDEPENDENT AUDITOR'S REPORT

Illinois Gas Company
Lawrenceville, Illinois

We have audited the accompanying statements 1 through 9 described in the preceding table of contents of Illinois Gas Company for the year ended December 31, 2004. These statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statements were prepared to present the reconciliation of revenue billed under uniform PGA charges with the adjusted cost of gas incurred of Illinois Gas Company pursuant to the Illinois Commerce Commission's Order 04-0676 dated November 10, 2004 and General Order 212, and is not intended to be a complete presentation of the Company's income and expenses.

In our opinion, the statements referred to above present fairly, in all material respects, the reconciliation of revenue billed under uniform PGA charges with the adjusted cost of gas incurred of Illinois Gas Company for the year ended December 31, 2004, in conformity with U. S. generally accepted accounting principles and the Illinois Commerce Commission's Order 04-0676 dated November 10, 2004 and General Order 212.

This report is intended solely for the information and use of the Board of Directors and Management of Illinois Gas Company and for filing with the Illinois Commerce Commission and should not be used for any other purpose.

Kemper CPA Group LLP

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

Lawrenceville, Illinois
March 10, 2005

**RECONCILIATION OF REVENUE BILLED UNDER UNIFORM PGA CHARGES
WITH THE ADJUSTED COST OF GAS INCURRED
FOR THE RECONCILIATION PERIOD ENDED DECEMBER 31, 2004**

<u>Line No.</u> (1)	<u>Description</u> (2)	<u>Winter Seasonal Demand</u> (3)	<u>Summer Seasonal Demand</u> (4)	<u>Commodity</u> (5)	<u>Total</u> (6)
1	Unamortized Balance as of 12/31/03 per 2003 Reconciliation	\$0	\$0	\$0	\$0
2	Factor A Adjustments Amortized to Schedule I at 12/31/03 per 2003 Reconciliation	19,802	43,865	(76,644)	(12,977)
3	Factor O Collected (Refunded) During 2004	0	0	0	0
4	Balance to Be Collected(Refunded) From Prior Periods, (Sum of lines 1-3)	19,802	43,865	(76,644)	(12,977)
5	2004 Recoverable Costs	917,793	445,630	7,394,975	8,758,398
6	2004 PGA Revenue	(914,257)	(467,875)	(7,203,040)	(8,585,172)
7	Pipeline Surcharges (Refunds)	0	0	0	0
8	Other Adjustments	0	0	(1,138)	(1,138)
9	Interest	12	0	(760)	(748)
10	2004 Recovery Under/(Over) (Sum of lines 5-9)	3,548	(22,245)	190,037	171,340
11	Balance Recovery Under/(Over) at 12/31/2004 (Line 4 + Line 10)	23,350	21,620	113,393	158,363
12	Factor A Adjustments Amortized to Schedule I at 12/31/2004	23,350	21,620	113,393	158,363
13	Unamortized Balance at Dec 31, 2004 (per Filing truing up actuals for Dec 2004)	0	0	0	0
14	Requested Factor O Line 11 - Line 12 - Line 13	0	0	0	0

See auditor's report.

WINTER/D INVOICE COST AND ADJUSTMENTS VERSUS RECOVERY OF COSTS FOR SYSTEM GAS, CALENDAR YEAR 2004

Month (1)	Vendor (2)	Winter Invoice Cost (4)	Commodity Volume MMBtu (5)	Avg Cost Therm (6)	Co Use & Franchise Therm (7)	Co Use & Franchise Cost (8)	Recoverable Cost (9)	Winter Therm (10)	Winter PGA Rate (11)	Prorated Recovery (12)	Rider A FT Revenue (13)	Monthly PGA & Rider A Recovery (14)	Under (Over) Recovery (15)	Adjustments Factor O (16)	Adjustments Factor A (17)	Adjusted Under (Over) Recovery (18)
Jan	(A) Texas Gas	\$188,188	266,386	\$0.0706	(12,557)	(\$887)	\$187,301	768,180	\$0.0671	\$51,544.88		\$159,626	\$27,675	\$0	(\$29,695)	(\$2,020)
Feb	(B) (A) Texas Gas	178,047	211,904	0.0831	(9,376)	(779)	175,268	1,810,754 919,440	0.0671 0.1007	108,081.59 92,587.61	\$0	197,088	(21,820)	0	19,710	(2,110)
Mar	(B) (A) Texas Gas	188,188	126,295	0.1490	(4,913)	(732)	187,456	1,037,742 383,756	0.1007 0.1503	104,500.62 57,678.53	0	180,144	7,312	0	29,787	37,099
April	(B) (A) Texas Gas	0	72,980	0.0000	(2,009)	0	0	814,806 282,995	0.1503 0.0005	122,465.34 141.50	0	326	(326)	0	(2,020)	(2,346)
May	(B) (A) Texas Gas	0	37,916	0.0000	(425)	0	0	368,321 133,859	0.0005 0.0157	184.16 2,101.59	0	4,945	(4,945)	0	(2,110)	(7,055)
June	(B) (A) Texas Gas	0	29,354	0.0000	(318)	0	0	181,104 58,375	0.0157 0.0922	2,843.33 5,382.18	0	20,651	(20,651)	0	18,291	(2,360)
July	(B) (A) Texas Gas	0	28,154	0.0000	(338)	0	0	165,809 67,975	0.0922 0.0834	15,269.15 5,689.12	0	17,928	(17,928)	0	16,486	(1,442)
Aug	(B) (A) Texas Gas	0	28,306	0.0000	(299)	0	0	146,983 59,134	0.0834 0.0407	12,258.38 2,406.75	0	8,789	(8,789)	0	(2,386)	(11,175)
Sep	(B) (A) Texas Gas	0	35,680	0.0000	(292)	0	0	158,807 60,653	0.0407 0.0356	6,382.04 2,159.25	0	10,023	(10,023)	0	(2,328)	(12,351)
Oct	(B) (A) Texas Gas	0	54,988	0.0000	(1,254)	0	0	220,888 103,363	0.0356 (0.0016)	7,863.61 (165.38)	0	(796)	796	0	(6,155)	(5,359)
Nov	(B) (A) Texas Gas	181,563	108,000	0.1681	(4,116)	(692)	180,871	393,875 197,195	(0.0016) 0.1493	(630.20) 29,441.21	0	144,359	36,512	0	(11,175)	25,337
Dec	(B) (A) Texas Gas	187,615	212,657	0.0882	(8,144)	(718)	186,897	769,710 343,753	0.1493 0.0948	114,917.70 32,587.78	0	171,174	15,723	0	(12,351)	3,372
Jan	(B)							1,461,876	0.0948	138,585.84	0	158	Sum of Jan, Feb, Mar->			23,350
Total		\$921,601	1,212,618		(44,041)	(\$3,808)	\$917,793	10,707,153		\$914,258.58	\$0	\$914,257	\$3,536	\$0	\$16,054	\$19,590

NOTE A: This is the calculated volume of gas delivered on and after the first day of the month to which the current monthly PGA rate is applied.

B: This is the calculated volume of gas in current month's billing, applicable to the prior month's consumption and billed at the prior month's PGA rate.

See auditor's report.

SUMMER/D INVOICE COST AND ADJUSTMENTS VERSUS RECOVERY OF COSTS FOR SYSTEM GAS, CALENDAR YEAR 2004

Month (1)	Vendor (2)	Summer Invoice Cost (4)	Commodity Volume MMBtu (5)	Avg Cost Therm (6)	Co Use & Franchise Therm (7)	Co Use & Franchise Cost (8)	Recoverable Cost (9)	Summer Therm (10)	Summer Pga Rate (11)	Prorated Recovery (12)	Rider A FT Revenue (13)	Monthly PGA & Rider A Recovery (14)	Under (Over) Recovery (15)	Adjustments Factor Q (16)	Adjustments Factor A (17)	Adjusted Under (Over) Recovery (18)
Jan	(A) Texas Gas	\$0	266,386	\$0.0000	(12,557)	\$0	\$0	768,180	\$0.0192	\$14,749.06		\$47,637	(\$47,637)	\$0	\$45,313	(\$2,324)
	(B)							1,712,892	0.0192	32,887.53	\$0					
Feb	(A) Texas Gas	0	211,904	0.0000	(9,376)	0	0	919,440	0.0008	735.55		1,636	(1,636)	0	(1,127)	(2,763)
	(B)							1,125,954	0.0008	900.76	0					
Mar	(A) Texas Gas	0	126,295	0.0000	(4,913)	0	0	383,756	0.0017	652.39		2,153	(2,153)	0	(321)	(2,474)
	(B)							882,782	0.0017	1,500.73	0					
April	(A) Texas Gas	108,306	72,980	0.1484	(2,009)	(298)	108,008	282,995	0.1604	45,392.40		116,251	(8,243)	0	(2,324)	(10,567)
	(B)							441,763	0.1604	70,858.79	0					
May	(A) Texas Gas	41,611	37,916	0.1097	(425)	(47)	41,564	133,859	0.0994	13,305.58		36,745	4,819	0	(2,763)	2,056
	(B)							235,812	0.0994	23,439.71	0					
June	(A) Texas Gas	40,268	29,354	0.1372	(318)	(44)	40,224	58,375	0.1462	8,534.43		41,800	(1,576)	0	(2,474)	(4,050)
	(B)							227,532	0.1462	33,265.18	0					
July	(A) Texas Gas	41,611	28,154	0.1478	(338)	(50)	41,561	67,975	0.1240	8,428.90		33,960	7,601	0	(10,567)	(2,966)
	(B)							205,894	0.1240	25,530.86	0					
Aug	(A) Texas Gas	41,450	28,306	0.1464	(299)	(44)	41,406	59,134	0.1661	9,822.16		42,625	(1,219)	0	2,056	837
	(B)							197,491	0.1661	32,803.26	0					
Sep	(A) Texas Gas	40,113	35,680	0.1124	(292)	(33)	40,080	60,653	0.1171	7,102.47		43,989	(3,909)	0	(4,050)	(7,959)
	(B)							315,000	0.1171	36,886.50	0					
Oct	(A) Texas Gas	133,090	54,986	0.2420	(1,254)	(303)	132,787	103,363	0.1931	19,959.40		108,356	24,431	0	(2,966)	21,465
	(B)							457,775	0.1931	88,396.35	0					
Nov	(A) Texas Gas	0	108,000	0.0000	(4,116)	0	0	197,195	0.0003	59.16		312	(312)	0	837	525
	(B)							841,208	0.0003	252.36	0					
Dec	(A) Texas Gas	0	212,657	0.0000	(8,144)	0	0	343,753	(0.0040)	(1,375.01)		(7,589)	7,589	0	(7,959)	(370)
	(B)							1,553,428	(0.0040)	(6,213.71)	0	(6.66)				
Jan	(B)															
Total		\$446,449	1,212,618		(44,041)	(\$819)	\$445,630	11,576,209		\$467,874.81	\$0	\$467,875	(\$22,245)	\$0	\$13,655	(\$8,590)

NOTE A: This is the calculated volume of gas delivered on and after the first day of the month to which the current monthly PGA rate is applied.

B: This is the calculated volume of gas in current month's billing, applicable to the prior month's consumption and billed at the prior month's PGA rate.

See auditor's report.

COMMODITY INVOICE COST AND ADJUSTMENTS VERSUS RECOVERY OF COSTS FOR SYSTEM GAS, CALENDAR YEAR 2004

Month (1)	Vendor (2)	Commodity Invoice Cost (4)	Commodity Volume MMBtu (5)	Avg Cost Therm (6)	Co Use & Franchise Therm (7)	Co Use & Franchise Cost (8)	Recoverable Cost (9)	Commodity Therm (10)	Commodity Pga Rate (11)	Prorated Recovery (12)	Rider A FT Revenue (13)	Monthly PGA & Rider A Recovery (14)	Under (Over) Recovery (15)	Adjustments Factor O (16)	Adjustments Factor A (17)	Adjusted Under (Over) Recovery (18)
Jan	(A) Texas Gas & Atmos	\$1,471,300	266,386	\$0.5523	(12,557)	(\$6,935)	\$1,464,365	768,180	\$0.6775	\$520,441.95		\$1,680,926	(\$216,561)	\$0	\$51,099	(\$165,462)
Feb	(B)							1,712,892	0.6775	1,160,484.33	\$0					
	(A) Texas Gas & Atmos	1,208,176	211,904	0.5702	(9,376)	(5,346)	1,202,830	919,440	0.6173	567,570.31		1,262,622	(59,792)	0	(58,459)	(118,251)
Mar	(B)							1,125,954	0.6173	695,051.40	0					
	(A) Texas Gas & Atmos	687,365	126,295	0.5443	(4,913)	(2,674)	684,691	383,756	0.5534	212,370.57		700,902	(16,211)	0	(69,284)	(85,495)
April	(B)							882,782	0.5534	488,531.56	0					
	(A) Texas Gas & Atmos	408,144	72,980	0.5593	(2,009)	(1,124)	407,020	282,995	0.5608	158,703.60		406,444	576	0	(81,579)	(81,003)
May	(B)							441,763	0.5608	247,740.69	0					
	(A) Texas Gas & Atmos	267,896	37,916	0.7066	(425)	(300)	267,596	133,859	0.5431	72,698.82		200,768	66,828	0	(68,404)	(1,576)
June	(B)							235,812	0.5431	128,069.50	0					
	(A) Texas Gas & Atmos	175,180	29,354	0.5968	(318)	(190)	174,990	58,375	0.4564	26,642.35		130,488	44,502	0	(108,220)	(63,718)
July	(B)							227,532	0.4564	103,845.60	0					
	(A) Texas Gas & Atmos	179,126	28,154	0.6362	(338)	(215)	178,911	67,975	0.4801	32,634.80		131,485	47,426	0	(96,455)	(49,029)
Aug	(B)							205,894	0.4801	98,849.71	0					
	(A) Texas Gas & Atmos	172,718	28,308	0.6102	(299)	(182)	172,536	59,134	0.4878	28,845.57		125,182	47,354	0	(49,754)	(2,400)
Sep	(B)							197,491	0.4878	96,336.11	0					
	(A) Texas Gas & Atmos	186,033	35,680	0.5214	(292)	(152)	185,881	60,653	0.4932	29,914.06		185,272	609	0	(36,957)	(36,348)
Oct	(B)							315,000	0.4932	155,358.00	0					
	(A) Texas Gas & Atmos	332,347	54,986	0.6044	(1,254)	(758)	331,589	103,363	0.4621	47,764.04		259,302	72,287	0	(63,098)	9,189
Nov	(B)							457,775	0.4621	211,537.83	0					
	(A) Texas Gas & Atmos	787,848	108,000	0.7295	(4,116)	(3,003)	784,845	197,195	0.6646	131,055.80		690,123	94,722	0	(63,227)	31,495
Dec	(B)							841,208	0.6646	559,066.84	0					
	(A) Texas Gas & Atmos	1,545,640	212,657	0.7268	(8,144)	(5,919)	1,539,721	343,753	0.7535	259,017.89		1,429,526	110,195	0	(38,348)	73,847
Jan	(B)							1,553,428	0.7535	1,170,508.00	0	1,255		Sum of Jan, Feb, Mar->		114,531
Total		\$7,421,773	1,212,618		(44,041)	(\$26,798)	\$7,394,975	11,576,209		\$7,203,039.33	\$0	\$7,203,040	\$191,935	\$0	(\$680,686)	(\$488,751)

NOTE A: This is the calculated volume of gas delivered on and after the first day of the month to which the current monthly PGA rate is applied.

B: This is the calculated volume of gas in current month's billing, applicable to the prior month's consumption and billed at the prior month's PGA rate.

See auditor's report.

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ILLINOIS GAS COMPANY
ILL. C.C. DOCKET NO. 04-0676

STATEMENT 5

Winter Seasonal Demand Gas Charge - (Company Version)

ANALYSIS OF SCHEDULE II COSTS/REVENUES FROM JANUARY 2004 - DECEMBER 2004

EFFECTIVE MONTH	2004 JANUARY 2003 October	2004 FEBRUARY 2003 November	2004 MARCH 2003 December	2004 APRIL 2004 January	2004 MAY 2004 February	2004 JUNE 2004 March	2004 JULY 2004 April	2004 AUGUST 2004 May	2004 SEPTEMBER 2004 June	2004 OCTOBER 2004 July	2004 NOVEMBER 2004 August	2004 DECEMBER 2004 September	2005 JANUARY 2004 October	2005 FEBRUARY 2004 November	2005 MARCH 2004 December	2004 TOTAL'S
Month for Which Actual Costs Are Determined	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL'S
Schedule II																
Line # Winter Demand																
1 Actual Recoverable Costs	0	181,439	187,533	187,301	175,268	187,456	0	0	0	0	0	0	0	180,871	186,897	917,793
2 Actual Purchased Gas Recoveries	22,681	137,649	140,393	159,626	197,088	180,144	326	4,945	20,651	17,928	8,789	10,023	(796)	144,359	171,174	(914,257)
3 Under/(Over) Recovery	(22,681)	43,790	47,140	27,675	(21,820)	7,312	(326)	(4,945)	(20,651)	(17,928)	(8,789)	(10,023)	796	36,512	15,723	3,536
4 Amount of Factor A Included in Gas Charge Calculation Prior Period (Schedule I)	(7,014)	(24,080)	(17,353)	(29,695)	19,710	29,787	(2,020)	(2,110)	18,291	16,486	(2,386)	(2,328)	(6,155)	(11,175)	(12,351)	(12,351)
5 Amount of Factor O Included in Gas Charge Calculation (Schedule I)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Adjusted Under/(Over) Recovery	(29,695)	19,710	29,787	(2,020)	(2,110)	37,099	(2,346)	(7,055)	(2,360)	(1,442)	(11,175)	(12,351)	(5,359)	25,337	3,372	3,372
7 Supplier Refunds/Surcharges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7.1 Other Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Unamortized Balance of Adjustment Factor Including Interest (Previous Filing Month Schedule II)	0	0	0	0	0	0	18,832	0	(4,675)	(4,713)	0	0	0	0	0	0
9 Total Adjustments Before Amortization	(29,695)	19,710	29,787	(2,020)	(2,110)	37,099	16,486	(7,055)	(7,035)	(6,155)	(11,175)	(12,351)	(5,359)	25,337	3,372	23,350
10 Factor A Amount to Schedule I	(29,695)	19,710	29,787	(2,020)	(2,110)	18,291	16,486	(2,386)	(2,328)	(6,155)	(11,175)	(12,351)	(5,359)	25,337	3,372	23,350
11 Unamortized Balance of Factor A	0	0	0	0	0	18,808	0	(4,669)	(4,707)	0	0	0	0	0	0	0
12 Unamortized Balance of Factor O	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Total Unamortized Balances	0	0	0	0	0	18,808	0	(4,669)	(4,707)	0	0	0	0	0	0	0
14 Interest for 1 Month @ 1.5% Annual Rate	0	0	0	0	0	24	0	(6)	(6)	0	0	0	0	0	0	12
15 Total Unamortized Balances including Interest	0	0	0	0	0	18,832	0	(4,675)	(4,713)	0	0	0	0	0	0	0
16 Number of Days in Amort Schedule	0	0	0	0	0	61	0	92	91	0	0	0	0	0	0	0
17 Number of Days in Effective Month	31	28	31	30	31	30	31	31	30	31	30	31	31	28	31	0
18 Line 9, Total Adj Before Amortization	(29,695)	19,710	29,787	(2,020)	(2,110)	37,099	16,486	(7,055)	(7,035)	(6,155)	(11,175)	(12,351)	(5,359)	25,337	3,372	0
19 Annual Interest Rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	2.50%	2.50%	2.50%	0
20 Effective Month Principal	0	0	0	0	0	18,245	0	(2,377)	(2,319)	0	0	0	0	0	0	0
21 Effective Month Interest	0	0	0	0	0	46	0	(9)	(9)	0	0	0	0	0	0	0
22 Total to Line 10, Factor A	(29,695)	19,710	29,787	(2,020)	(2,110)	18,291	16,486	(2,386)	(2,328)	(6,155)	(11,175)	(12,351)	(5,359)	25,337	3,372	0

See auditor's report.

ILLINOIS GAS COMPANY
ILL. C.C. DOCKET NO. 04-0676

Summer Seasonal Demand Gas Charge - (Company Version)

STATEMENT 6

ANALYSIS OF SCHEDULE II COSTS/REVENUES FROM JANUARY 2004 - DECEMBER 2004

EFFECTIVE MONTH	2004 JANUARY	2004 FEBRUARY	2004 MARCH	2004 APRIL	2004 MAY	2004 JUNE	2004 JULY	2004 AUGUST	2004 SEPTEMBER	2004 OCTOBER	2004 NOVEMBER	2004 DECEMBER	2005 JANUARY	2005 FEBRUARY	2005 MARCH	2004 TOTAL'S
Month for Which Actual Costs Are Determined	2003 OCTOBER	2003 NOVEMBER	2003 DECEMBER	2004 JANUARY	2004 FEBRUARY	2004 MARCH	2004 APRIL	2004 MAY	2004 JUNE	2004 JULY	2004 AUGUST	2004 SEPTEMBER	2004 OCTOBER	2004 NOVEMBER	2004 DECEMBER	2004 TOTAL'S
Schedule II																
Line # Summer Demand																
1 Actual Recoverable Costs	136,422	0	0	0	0	0	108,008	41,564	40,224	41,561	41,406	40,080	132,787	0	0	445,630
2 Actual Purchased Gas Recoveries	112,447	(622)	(1,902)	47,637	1,636	2,153	116,251	36,745	41,800	33,960	42,625	43,989	108,356	312	(7,589)	(467,875)
3 Under/(Over) Recovery	23,975	622	1,902	(47,637)	(1,636)	(2,153)	(8,243)	4,819	(1,576)	7,601	(1,219)	(3,909)	24,431	(312)	7,589	(22,245)
4 Amount of Factor A Included in Gas Charge Calculation Prior Period (Schedule I)	21,338	(1,749)	(2,223)	45,313	(1,127)	(321)	(2,324)	(2,763)	(2,474)	(10,567)	2,056	(4,050)	(2,966)	837	(7,959)	(7,959)
5 Amount of Factor O Included in Gas Charge Calculation (Schedule I)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Adjusted Under/(Over) Recovery	45,313	(1,127)	(321)	(2,324)	(2,763)	(2,474)	(10,567)	2,056	(4,050)	(2,966)	837	(7,959)	21,465	525	(370)	(370)
7 Supplier Refunds/Surcharges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7.1 Other Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Unamortized Balance of Adjustment Factor Including Interest (Previous Filing Month Schedule II)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Total Adjustments Before Amortization	45,313	(1,127)	(321)	(2,324)	(2,763)	(2,474)	(10,567)	2,056	(4,050)	(2,966)	837	(7,959)	21,465	525	(370)	21,620
10 Factor A Amount to Schedule I	45,313	(1,127)	(321)	(2,324)	(2,763)	(2,474)	(10,567)	2,056	(4,050)	(2,966)	837	(7,959)	21,465	525	(370)	21,620
11 Unamortized Balance of Factor A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Unamortized Balance of Factor O	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Total Unamortized Balances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Interest for 1 Month @ 1.5% Annual Rate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Total Unamortized Balances including Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Summary																
16 Number of Days in Amort Schedule	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Number of Days in Effective Month	31	28	31	30	31	30	31	31	30	31	30	31	31	28	31	
18 Line 9, Total Adj Before Amortization	45,313	(1,127)	(321)	(2,324)	(2,763)	(2,474)	(10,567)	2,056	(4,050)	(2,966)	837	(7,959)	21,465	525	(370)	
19 Annual Interest Rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	2.50%	2.50%	2.50%	
20 Effective Month Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
21 Effective Month Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
22 Total to Line 10, Factor A	45,313	(1,127)	(321)	(2,324)	(2,763)	(2,474)	(10,567)	2,056	(4,050)	(2,966)	837	(7,959)	21,465	525	(370)	

See auditor's report.

ILLINOIS GAS COMPANY

ILL. C.C. DOCKET NO. 04-0676

STATEMENT 7

Commodity Gas Charge - (Company Version)

ANALYSIS OF SCHEDULE II COSTS/REVENUES FROM JANUARY 2004 - DECEMBER 2004

EFFECTIVE MONTH	2004 JANUARY 2003	2004 FEBRUARY 2003	2004 MARCH 2003	2004 APRIL 2004	2004 MAY 2004	2004 JUNE 2004	2004 JULY 2004	2004 AUGUST 2004	2004 SEPTEMBER 2004	2004 OCTOBER 2004	2004 NOVEMBER 2004	2004 DECEMBER 2004	2005 JANUARY 2004	2005 FEBRUARY 2004	2005 MARCH 2004	2004 TOTAL'S
Month for Which Actual Costs Are Determined	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	
Schedule II																
Line # Commodity																
1 Actual Recoverable Costs	430,451	606,312	1,022,456	1,464,365	1,202,830	684,691	407,020	267,596	174,990	178,911	172,536	185,881	331,589	784,845	1,539,721	7,394,975
2 Actual Purchased Gas Recoveries	330,836	691,351	1,005,494	1,680,926	1,262,622	700,902	406,444	200,768	130,488	131,485	125,182	185,272	259,302	690,123	1,429,526	(7,203,040)
3 Under/(Over) Recovery	99,615	(85,039)	16,962	(216,561)	(59,792)	(16,211)	576	66,828	44,502	47,426	47,354	609	72,287	94,722	110,195	191,935
4 Amount of Factor A Included in Gas Charge Calculation Prior Period (Schedule I	(22,932)	(35,613)	(25,682)	51,099	(58,459)	(69,284)	(81,579)	(68,404)	(108,220)	(96,455)	(49,754)	(36,957)	(63,098)	(63,227)	(36,348)	(36,348)
5 Amount of Factor O Included in Gas Charge Calculation Prior Period (Schedule I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Adjusted Under/(Over) Recovery	76,683	(120,652)	(8,720)	(165,462)	(118,251)	(85,493)	(81,003)	(1,576)	(63,718)	(49,029)	(2,490)	(36,348)	9,189	31,495	73,842	73,847
7 Supplier Refunds/Surcharges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1,138)	(1,138)
7.1 Other Adjustments	0	0	1,707	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Unamortized Balance of Adjustment Factor Including Interest (Previous Filing Month Schedule II)	(25,584)	0	(62,271)	0	(83,988)	(134,002)	(111,416)	(96,084)	(47,966)	(74,820)	(60,827)	0	0	0	0	0
9 Total Adjustments Before Amortization	51,099	(120,652)	(69,284)	(165,462)	(202,239)	(219,497)	(192,419)	(97,660)	(111,684)	(123,849)	(63,227)	(36,348)	9,189	31,495	72,709	113,393
10 Factor A Amount to Schedule I	51,099	(58,459)	(69,284)	(81,579)	(68,404)	(108,220)	(96,455)	(49,754)	(36,957)	(63,098)	(63,227)	(36,348)	9,189	31,495	72,709	113,393
11 Unamortized Balance of Factor A	0	(62,193)	0	(83,883)	(133,835)	(111,277)	(95,964)	(47,906)	(74,727)	(60,751)	0	0	0	0	0	0
12 Unamortized Balance of Factor O	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Total Unamortized Balances	0	(62,193)	0	(83,883)	(133,835)	(111,277)	(95,964)	(47,906)	(74,727)	(60,751)	0	0	0	0	0	0
14 Interest for 1 Month @ 1.5% Annual Rate	0	(78)	0	(105)	(167)	(139)	(120)	(60)	(93)	(76)	0	0	0	0	0	(760)
15 Total Unamortized Balances including Interest	0	(62,271)	0	(83,988)	(134,002)	(111,416)	(96,084)	(47,966)	(74,820)	(60,827)	0	0	0	0	0	0
Summary																
16 Number of Days in Amort Schedule	0	60	0	61	92	61	62	61	91	61	0	0	0	0	0	0
17 Number of Days in Effective Month	31	29	31	30	31	30	31	31	30	31	30	31	31	28	31	31
18 Line 9, Total Adj Before Amortization	51,099	(120,652)	(69,284)	(165,462)	(202,239)	(219,497)	(192,419)	(97,660)	(111,684)	(123,849)	(63,227)	(36,348)	9,189	31,495	72,709	
19 Annual Interest Rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	2.50%	2.50%	2.50%	2.50%
20 Effective Month Principal	0	(58,315)	0	(81,375)	(68,146)	(107,949)	(96,210)	(49,630)	(36,819)	(62,940)	0	0	0	0	0	0
21 Effective Month Interest	0	(144)	0	(204)	(258)	(271)	(245)	(124)	(138)	(158)	0	0	0	0	0	0
22 Total to Line 10, Factor A	51,099	(58,459)	(69,284)	(81,579)	(68,404)	(108,220)	(96,455)	(49,754)	(36,957)	(63,098)	(63,227)	(36,348)	9,189	31,495	72,709	

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ANALYSIS OF ADJUSTMENTS INCLUDED IN FACTOR A

Effective Month	Description	Prior Year Adjustment	Prior Year Under(Over)	2004 Adjustment	Texas Gas Refunds	2004 Adjusted Under(Over) Recovery	Sub Total	Prior Month Unamort Balance	Total	Factor Q	Interest in Factor Q	Calculated Factor A	Factor A Less Interest	Interest Included Factor A	Unamort Balance	Sch 2 Interest Unamort Balance	Total Unamort Balance
Winter	Winter Demand																
Jan 04	Oct Under (Over)	\$0	(\$29,695)	\$0	\$0	\$0	(\$29,695)	\$0	(\$29,695)	\$0	\$0	(\$29,695)	(\$29,695)	\$0	\$0	\$0	\$0
Feb	Nov Under (Over)	0	19,710	0	0	0	19,710	0	19,710	0	0	19,710	19,710	0	0	0	0
Mar	Dec Under (Over)	0	29,787	0	0	0	29,787	0	29,787	0	0	29,787	29,787	0	0	0	0
Apr	Jan Under (Over)	0	0	0	0	(2,020)	(2,020)	0	(2,020)	0	0	(2,020)	(2,020)	0	0	0	0
May	Feb Under (Over)	0	0	0	0	(2,110)	(2,110)	0	(2,110)	0	0	(2,110)	(2,110)	0	0	0	0
June	Mar Under (Over)	0	0	0	0	37,099	37,099	0	37,099	0	0	18,291	18,245	46	18,808	24	18,832
July	Apr Under (Over)	0	0	0	0	(2,346)	(2,346)	18,832	16,486	0	0	16,486	16,486	0	0	0	0
Aug	May Under (Over)	0	0	0	0	(7,055)	(7,055)	0	(7,055)	0	0	(2,386)	(2,377)	(9)	(4,669)	(6)	(4,675)
Sept	June Under (Over)	0	0	0	0	(2,360)	(2,360)	(4,675)	(7,035)	0	0	(2,328)	(2,319)	(9)	(4,707)	(6)	(4,713)
Oct	July Under (Over)	0	0	0	0	(1,442)	(1,442)	(4,713)	(6,155)	0	0	(6,155)	(6,155)	0	0	0	0
Nov	Aug Under (Over)	0	0	0	0	(11,175)	(11,175)	0	(11,175)	0	0	(11,175)	(11,175)	0	0	0	0
Dec	Sept Under (Over)	0	0	0	0	(12,351)	(12,351)	0	(12,351)	0	0	(12,351)	(12,351)	0	0	0	0
Jan 05	Oct Under (Over)	0	0	0	0	(5,359)	(5,359)	0	(5,359)	0	0	(5,359)	(5,359)	0	0	0	0
Feb	Nov Under (Over)	0	0	0	0	25,337	25,337	0	25,337	0	0	25,337	25,337	0	0	0	0
Mar	Dec Under (Over)	0	0	0	0	3,372	3,372	0	3,372	0	0	3,372	0	0	0	0	0
	Totals	0	19,802	0	0	19,590	39,392	9,444	48,836	0	0	39,404	36,004	28	9,432	12	9,444
Factor A Adjustments Amortized to Schedule I at 12/31/2003																	
Summer	Summer Demand																
Jan 04	Oct Under (Over)	\$0	\$45,313	\$0	\$0	\$0	\$45,313	\$0	\$45,313	\$0	\$0	\$45,313	\$45,313	\$0	\$0	\$0	\$0
Feb	Nov Under (Over)	0	(1,127)	0	0	0	(1,127)	0	(1,127)	0	0	(1,127)	(1,127)	0	0	0	0
Mar	Dec Under (Over)	0	(321)	0	0	0	(321)	0	(321)	0	0	(321)	(321)	0	0	0	0
Apr	Jan Under (Over)	0	0	0	0	(2,324)	(2,324)	0	(2,324)	0	0	(2,324)	(2,324)	0	0	0	0
May	Feb Under (Over)	0	0	0	0	(2,763)	(2,763)	0	(2,763)	0	0	(2,763)	(2,763)	0	0	0	0
June	Mar Under (Over)	0	0	0	0	(2,474)	(2,474)	0	(2,474)	0	0	(2,474)	(2,474)	0	0	0	0
July	Apr Under (Over)	0	0	0	0	(10,567)	(10,567)	0	(10,567)	0	0	(10,567)	(10,567)	0	0	0	0
Aug	May Under (Over)	0	0	0	0	2,056	2,056	0	2,056	0	0	2,056	2,056	0	0	0	0
Sept	June Under (Over)	0	0	0	0	(4,050)	(4,050)	0	(4,050)	0	0	(4,050)	(4,050)	0	0	0	0
Oct	July Under (Over)	0	0	0	0	(2,966)	(2,966)	0	(2,966)	0	0	(2,966)	(2,966)	0	0	0	0
Nov	Aug Under (Over)	0	0	0	0	837	837	0	837	0	0	837	837	0	0	0	0
Dec	Sept Under (Over)	0	0	0	0	(7,959)	(7,959)	0	(7,959)	0	0	(7,959)	(7,959)	0	0	0	0
Jan 05	Oct Under (Over)	0	0	0	0	21,465	21,465	0	21,465	0	0	21,465	21,465	0	0	0	0
Feb	Nov Under (Over)	0	0	0	0	525	525	0	525	0	0	525	525	0	0	0	0
Mar	Dec Under (Over)	0	0	0	0	(370)	(370)	0	(370)	0	0	(370)	0	0	0	0	0
	Totals	0	43,865	0	0	(8,590)	35,275	0	35,275	0	0	35,275	35,645	0	0	0	0
Factor A Adjustments Amortized to Schedule I at 12/31/2003																	
Commodity	Commodity																
Jan 04	Oct Under (Over)	\$0	76,683	\$0	\$0	\$0	\$76,683	(25,584)	\$51,099	\$0	\$0	\$51,099	\$51,099	\$0	\$0	\$0	\$0
Feb	Nov Under (Over)	0	(120,652)	0	0	0	(120,652)	0	(120,652)	0	0	(58,459)	(58,315)	(144)	(62,193)	(78)	(62,271)
Mar	Dec Under (Over) & Matching A	1,707	(8,720)	0	0	0	(7,013)	(62,271)	(69,284)	0	0	(69,284)	(69,284)	0	0	0	0
Apr	Jan Under (Over)	0	0	0	0	(165,462)	(165,462)	0	(165,462)	0	0	(81,579)	(81,375)	(204)	(83,883)	(105)	(83,988)
May	Feb Under (Over)	0	0	0	0	(118,251)	(118,251)	(83,988)	(202,239)	0	0	(68,404)	(68,146)	(258)	(133,835)	(167)	(134,002)
June	Mar Under (Over)	0	0	0	0	(85,495)	(85,495)	(134,002)	(219,497)	0	0	(108,220)	(107,949)	(271)	(111,277)	(139)	(111,416)
July	Apr Under (Over)	0	0	0	0	(81,003)	(81,003)	(111,416)	(192,419)	0	0	(96,455)	(96,210)	(245)	(95,964)	(120)	(96,084)
Aug	May Under (Over)	0	0	0	0	(1,576)	(1,576)	(96,084)	(97,660)	0	0	(49,754)	(49,630)	(124)	(47,906)	(60)	(47,966)
Sept	June Under (Over)	0	0	0	0	(63,718)	(63,718)	(47,966)	(111,684)	0	0	(36,957)	(36,819)	(138)	(74,727)	(93)	(74,820)
Oct	July Under (Over)	0	0	0	0	(49,029)	(49,029)	(74,820)	(123,849)	0	0	(83,098)	(82,940)	(158)	(60,751)	(76)	(60,827)
Nov	Aug Under (Over)	0	0	0	0	(2,400)	(2,400)	(60,827)	(63,227)	0	0	(63,227)	(63,227)	0	0	0	0
Dec	Sept Under (Over)	0	0	0	0	(36,348)	(36,348)	0	(36,348)	0	0	(36,348)	(36,348)	0	0	0	0
Jan 05	Oct Under (Over)	0	0	0	0	9,189	9,189	0	9,189	0	0	9,189	9,189	0	0	0	0
Feb	Nov Under (Over)	0	0	0	0	31,495	31,495	0	31,495	0	0	31,495	31,495	0	0	0	0
Mar	Dec Under (Over)	0	0	(1,138)	0	73,847	72,709	0	72,709	0	0	72,709	72,709	0	0	0	0
	Totals	1,707	(52,669)	(1,138)	0	(488,751)	(540,871)	(696,958)	(1,237,829)	0	0	(567,293)	(565,751)	(1,398)	(670,536)	(760)	(671,374)
Factor A Adjustments Amortized to Schedule I at 12/31/2003																	
													Total Interest	(1,370)	Total Int.	(748)	G. Total (2,118)

See auditor's report.

ILLINOIS GAS COMPANY
ICC DOCKET NO. 2004-0676

STATEMENT 9

SUMMARY OF PURCHASED GAS ADJUSTMENT CHARGES

FROM JANUARY 1, 2004 TO DECEMBER 31, 2004

<u>Effective Date</u>	<u>Winter/D PGA Rate</u>	<u>Summer/D PGA Rate</u>	<u>Commodity PGA Rate</u>	<u>Total PGA Rate</u>
January 1st	\$0.0671	\$0.0192	\$0.6775	\$0.7638
February 1st	0.1007	0.0008	0.6173	0.7188
March 1st	0.1503	0.0017	0.5534	0.7054
April 1st	0.0005	0.1604	0.5608	0.7217
May 1st	0.0157	0.0994	0.5431	0.6582
June 1st	0.0922	0.1462	0.4564	0.6948
July 1st	0.0834	0.1240	0.4801	0.6875
August 1st	0.0407	0.1661	0.4878	0.6946
September 1st	0.0356	0.1171	0.4932	0.6459
October 1st	(0.0016)	0.1931	0.4621	0.6536
November 1st	0.1493	0.0003	0.6646	0.8142
December 1st	0.0948	(0.0040)	0.7535	0.8443

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